



## Rule Up For Discussion

Proposed Amendment of

**WAC 230-40-554**

Chief executive officer or chief operations officer defined.

**ITEM 16 (a) on the September 10, 2004, Commission Meeting Agenda.**

**Statutory Authority 9.46.070**

### **Who proposed the rule change?**

Staff, at the request of Gary Murrey.

### **Why is this rule change needed?**

Gary Murrey, on behalf of the Recreational Gaming Association, requested staff consider an amendment to allow a card room's Chief Executive Officer (CEO) or Chief Operations Officer (COO) (sometimes referred to as General Manager) to also act as the Gaming Operations Department Manager. Currently, agency rules require these positions to be held by two separate people. Requiring separate employees for each of these positions is a safeguard that was established when house-banked card rooms were first introduced in the state to protect a card room from a person performing "incompatible functions" (defined below). Mr. Murrey states that if a card room owner is comfortable with a General Manager performing both jobs, they should be allowed to hold both positions. This is a business decision and saves money.

Staff believe allowing the CEO to also perform the duties of the Gaming Operations Department Manager would not compromise players or a card room if proper internal controls are in place. Therefore, staff proposes an amendment to WAC 230-40-554 to allow the CEO / COO to also act as the Gaming Operations Department Manager.

**The CEO or COO** is designated by the card room owner as having overall responsibility for the card room and is sometimes referred to as the **General Manager** of the business. WAC 230-40-554 defines CEO/COO.

**The Gaming Operations Department Manager's** duties are outlined in WAC 230-40-815 (3)(c) (attached).

**Incompatible functions** for accounting and internal control purposes are defined in WAC 230-40-550 (attached). These are functions, duties, or responsibilities that place any person or department in a position to both perpetrate and conceal errors or irregularities in the normal course of his or her duties are incompatible functions.

**WAC 230-40-815 (2)(b)** sets forth that a licensee's administrative controls must provide a segregation of incompatible functions so that no employee is in a position to perpetrate and conceal errors or irregularities in the normal course of his or her duties (attached).

### **Attached:**

WAC 230-40-550 Incompatible functions defined.

WAC 230-40-815 Administrative and accounting control structure -- Organization -- House-banking.

### **Statements against the proposed rule change.**

None at this time.

### **Which licensees will be directly impacted?**

House-banked card rooms.

### **What are the potential impacts to the agency?**

Minimal.

### **Staff recommendation.**

Further discussion.

### **Proposed effective date.**

January 1, 2005.